



Weapon System Supply Chain Management

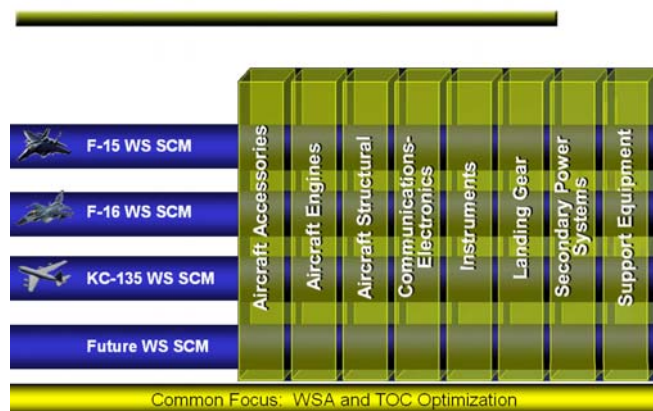
"A weapon system focus on the management of the supply chain to provide improved support to the warfighter."

FACT SHEET

Why transform?

In today's complex logistics environment, successful enterprises recognize supply chain management as key to integrating processes for logistics performance. Fundamental is the understanding and standardizing of the organization's key processes to achieve effective supply chain integration. Supply chain integration is defined as: "integrating the business processes of an organization with their suppliers and customers to achieve a more effective supply chain." To be fully successful in supply chain integration, organizations must not only integrate internal processes within their enterprise, but also those with key external suppliers and customers. Managing the integrated supply chain as a whole is a core competency.

Alignment Across the Supply Chain



What is Weapon System Supply Chain Management (WS SCM)?

The WS SCM concept was developed during a late 1990s transformation initiative based upon both in-depth analysis of current Air Force and Department of Defense Logistics processes, and successes of industry in optimizing supply chains for meeting customer requirements. The

foundation for the WS SCM program was formed by following the lessons learned from a successful Chrysler transformation to develop and implement a matrix organization with vertically integrated commodities (such as purchasing, engineering, manufacturing, etc) complimented by horizontally arrayed vehicle "platforms" in order to effectively develop valued products and increase profitability. The current WS SCM program focuses attention on end products as well as the individual support functions engaged to ensure availability of those products. As such, the WS SCM program is a companion initiative to the Purchasing and Supply Chain Management (PSCM) initiative. Together, these two programs provide an emphasis on the logistics performance of the weapon system, coordinated with the best performance of the overall supply chain as the commodity focused business strategy of PSCM is integrated with the mission to meet warfighter requirements.

What does a WS SCM do?

In operation, the WS SCM is a dual facing entity; representing supply chain issues to the System Program Director (SPD) and the warfighter, while they also negotiate weapon system requirements with the entire support community. Within this challenging capacity, a WS SCM will act as the focal point for activity that affects Weapon System Availability (WSA) by mitigating constraints and risk factors through the analysis and support of robust, lean supply chains. In doing so, the WS SCM can ensure the supply chain is aimed towards greater sustainable WSA, while also eliminating surprises that can occur from a sole commodity-focused approach to supply chain implementation. The analysis of tactical disruptions in delivery to a specific weapon platform combined with the knowledge of that specific platform's overall objectives, missions and plans will allow the WS SCM to develop a

supply and support strategy for that system within the overall logistics framework. In the end, the WS SCMs strategic actions and focus will optimize the leanness and flow of the supply chain; being almost transparent to the customer in a perfect state.

What are the key supply chain processes?

- Customer relationship management (identification of key customers/customer groups)
- Demand Planning (determining when customers will need spares and repair parts)
- Order fulfillment (meeting customer needs for time definite delivery and quantities)
- Manufacturing and repair flow management (producing and supplying products to the distribution channels based on historical forecasts)
- Procurement (supplier categorized based on their contribution and criticality to the weapon system supply chain)
- Product development and commercialization (modification programs and upgrading production technologies in the organic repair facilities)
- Returns (managing the retrograde returns channels)

What are our ultimate goals?

- Increase Aircraft Availability (AA)
- Reduce the Total Cost of Ownership (TOC)

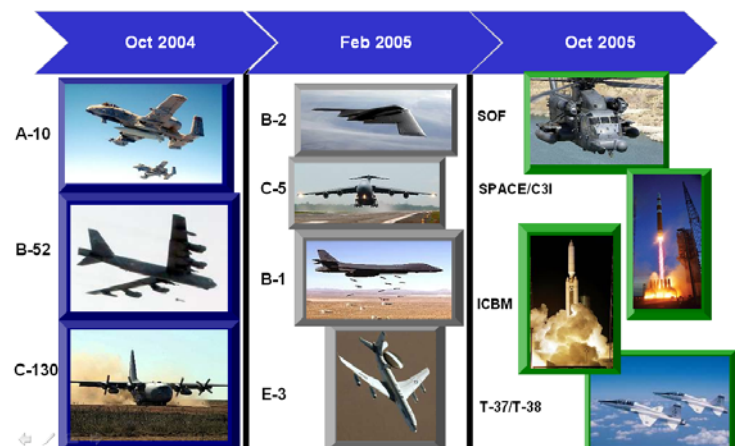
What will the WS SCMs do for me?

Currently, three WS SCMs have been established: the F-15 WS SCM at Warner Robins ALC, the F-16 WS SCM at Ogden ALC, and the C/KC-135 WS SCM at Oklahoma City ALC. Each program office is located within its respective SPO. The current WS SCMs have made progress toward their ultimate goals of improving Aircraft Availability (AA) and reduction of the total cost of ownership for their weapon systems. They are currently controlling the tactical side of the WS supply picture, identifying and mapping the support systems for

their WS, and performing change management as they introduce their mission and value to the various parts of the WS support system. Despite their planned strategic vision, the WS SCMs are currently aimed at the many tactical issues in order to build their strategic plan - determining what competencies are truly strategic and long-reaching versus what competencies are tactical in nature as they analyze their specific supply chain. As examples of tactical work converting into weapon system sustainment strategy:

- The F-16 WS SCM has raised the Active Air Force MC rate from 80.8 to 82.2 and reduced TNMCM from 9.6 to 8.5 and TNMCS from 13.0 to 12.1 between April 2003 and April 2004 based on their analysis of specific supply constraints and issues.
- The F-15 WS SCM recently coordinated a Source of Repair (SOR) transfer of Shop Replaceable Unit (SRU) and Line Replaceable Unit (LRU) repair for three critical F-15 avionics LRUs from OO-ALC to WR-ALC. The benefit of this transfer is an elimination of one transportation pipeline having an average of 4.147 days per shipment resulting in a cost savings of approximately \$117K in transportation.
- The C/KC-135 WS SCM secured funding and is teaming with the University of Arkansas to analyze cause code A and B MICAPs in order to develop a possible change to stockage policy for large based in multiple locations.

What is the future of the WS SCM initiative?



Weapon System Supply Chain Management

"A weapon system focus on the management of the supply chain to provide improved support to the warfighter."